

DEBTOR: Marion Energy Inc

**MONTHLY OPERATING REPORT
CHAPTER 11**

CASE NUMBER: 14-31632

**Form 2-A
COVER SHEET**

For Period Ending October 31 2014

Accounting Method:

☒ Accrual Basis

☐ Cash Basis

THIS REPORT IS DUE 14 DAYS AFTER THE END OF THE MONTH

Mark One Box for Each
Required Document:

Debtor must attach each of the following reports/documents unless the U. S. Trustee has waived the requirement in writing. File the original with the Clerk of Court. Submit a duplicate, with original signature, to the U. S. Trustee.

Report/Document Attached	Previously Waived	REQUIRED REPORTS/DOCUMENTS
<input checked="" type="checkbox"/>	<input type="checkbox"/>	1. Cash Receipts and Disbursements Statement (Form 2-B)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. Balance Sheet (Form 2-C)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. Profit and Loss Statement (Form 2-D)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. Supporting Schedules (Form 2-E)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. Quarterly Fee Summary (Form 2-F)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	6. Narrative (Form 2-G)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. Bank Statements for All Bank Accounts
<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. Bank Statement Reconciliations for all Bank Accounts

I declare under penalty of perjury that the following Monthly Operating Report, and any attachments thereto are true, accurate and correct to the best of my knowledge and belief.

Executed on: 11/28/14

Print Name: Karel Louman

Signature: 

Title: CFO

DEBTOR: Marion Energy Inc

CASE NO: 14-31632

Form 2-B
CASH RECEIPTS AND DISBURSEMENTS STATEMENT

For Period: 10/31/2014 to 10/31/2014

CASH FLOW SUMMARY

CASH FLOW SUMMARY		Current Month	Accumulated
1. Beginning Cash Balance	\$	5745.76 (1)	\$ 5745.76 (1)
2. Cash Receipts			
Operations		0	0
Sale of Assets		0	0
Loans/advances		0	0
Other		0	0
Total Cash Receipts	\$	0	\$ 0
3. Cash Disbursements			
Operations		0	0
Debt Service/Secured loan payment		0	0
Professional fees/U.S. Trustee fees		0	0
Other		0	0
Total Cash Disbursements	\$	0	\$ 0
4. Net Cash Flow (Total Cash Receipts less Total Cash Disbursements)		0	0
5 Ending Cash Balance (to Form 2-C)	\$	5745.76 (2)	\$ 5745.76 (2)

CASH BALANCE SUMMARY

CASH BALANCE SUMMARY		Book Balance
	<u>Financial Institution</u>	
Petty Cash		\$ 0
DIP Operating Account		0
DIP State Tax Account		0
DIP Payroll Account		0
Other Operating Account	<u>Wells Fargo Bank 6042</u>	5544.89
Other Operating Account	<u>Wells Fargo Bank 0277</u>	157.73
Other Interest-bearing Account	<u>Wells Fargo Bank 7247</u>	43.14
TOTAL (must agree with Ending Cash Balance above)		\$ <u>5745.76 (2)</u>

(1) Accumulated beginning cash balance is the cash available at the commencement of the case.

Current month beginning cash balance should equal the previous month's ending balance.

(2) All cash balances should be the same.

DEBTOR: Marion Energy Inc CASE NO: 14-31632

Form 2-B
CASH RECEIPTS AND DISBURSEMENTS STATEMENT

For Period: __10/31/14__ to __10/31/14__

CASH RECEIPTS DETAIL

(attach additional sheets as necessary)

Account No:

Date	Payer	Description	Amount
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No activity

\$

Total Cash Receipts

\$ 0 (1)

(1) Total for all accounts should agree with total cash receipts listed on Form 2-B, page 1

DEBTOR: Marion Energy Inc

CASE NO: 14-31632

Form 2-B
CASH RECEIPTS AND DISBURSEMENTS STATEMENT
For Period: 10/31/2014 to 10/31/2014

CASH DISBURSEMENTS DETAIL
(attach additional sheets as necessary)

Account No:

Date	Check No.	Payee	Description (Purpose)	Amount
No activity				\$

Total Cash Disbursements \$ 0 (1)

(1) Total for all accounts should agree with total cash disbursements listed on Form 2-B, page 1

Form 2-C
COMPARATIVE BALANCE SHEET
For Period Ended: 10/31/2014

	Current Month	Petition Date (1)
ASSETS		
Current Assets:		
Cash (from Form 2-B, line 5)	\$ 5,745.76	\$ 5,745.76
Accounts Receivable (from Form 2-E)	0.00	0.00
Receivable from Officers, Employees, Affiliates	0.00	0.00
Inventory	0.00	0.00
Other Current Assets :(List)		
<u>Deposits</u>	45,184.80	45,184.80
<u>Prepaid Expenses</u>	124,117.77	124,117.77
<u>Accrued Revenue Receivable</u>	6,671.00	6,671.00
Total Current Assets	\$ 181,719.33	\$ 181,719.33
Fixed Assets:		
Land	\$ 0.00	\$ 0.00
Building	0.00	0.00
Equipment, Furniture and Fixtures	114,183.92	114,183.92
Total Fixed Assets	114,183.92	114,183.92
Less: Accumulated Depreciation	(55,349.67)	(55,349.67)
Net Fixed Assets	\$ 58,834.25	\$ 58,834.25
Other Assets (List):		
<u>Net Oil & Gas Properties</u>	84,821,926.23	84,821,926.23
<u>Bond Deposits</u>	995,930.00	995,930.00
TOTAL ASSETS	\$ 86,058,409.81	\$ 86,058,409.81
LIABILITIES		
Post-petition Accounts Payable (from Form 2-E)	\$ 0.00	\$ 0.00
Post-petition Accrued Profesional Fees (from Form 2-E)	0.00	0.00
Post-petition Taxes Payable (from Form 2-E)	0.00	0.00
Post-petition Notes Payable	0.00	0.00
Other Post-petition Payable(List):	0.00	0.00
	0.00	0.00
Total Post Petition Liabilities	\$ 0.00	\$ 0.00
Pre Petition Liabilities:		
Secured Debt	34,441,393.64	34,441,393.64
Priority Debt	0.00	0.00
Unsecured Debt	128,972,704.35	128,972,704.35
Total Pre Petition Liabilities	\$ 163,414,097.99	\$ 163,414,097.99
TOTAL LIABILITIES	\$ 163,414,097.99	\$ 163,414,097.99
OWNERS' EQUITY		
Owner's/Stockholder's Equity	\$ 2,910,088.00	\$ 2,910,088.00
Retained Earnings - Prepetition	-80,265,776.18	-80,265,776.18
Retained Earnings - Post-petition	0.00	0.00
TOTAL OWNERS' EQUITY	\$ -77,355,688.18	\$ -77,355,688.18
TOTAL LIABILITIES AND OWNERS' EQUITY	\$ 86,058,409.81	\$ 86,058,409.81

DEBTOR: Marion Energy Inc

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Form 2-D
PROFIT AND LOSS STATEMENT
For Period 10/31/2014 to 10/31/2014

	Current Month	Accumulated Total (1)
Gross Operating Revenue	\$ 0	\$ 0
Less: Discounts, Returns and Allowances	(0)	(0)
Net Operating Revenue	\$ 0	\$ 0
Cost of Goods Sold	0	0
Gross Profit	\$ 0	\$ 0
Operating Expenses		
Officer Compensation	\$ 0	\$ 0
Selling, General and Administrative	0	0
Rents and Leases	0	0
Depreciation, Depletion and Amortization	0	0
Other (list): _____	0	0
	0	0
Total Operating Expenses	\$ 0	\$ 0
Operating Income (Loss)	\$ 0	\$ 0
Non-Operating Income and Expenses		
Other Non-Operating Expenses	\$ 0	\$ 0
Gains (Losses) on Sale of Assets	0	0
Interest Income	0	0
Interest Expense	0	0
Other Non-Operating Income	0	0
Net Non-Operating Income or (Expenses)	\$ 0	\$ 0
Reorganization Expenses		
Legal and Professional Fees	\$ 0	\$ 0
Other Reorganization Expense	0	0
Total Reorganization Expenses	\$ 0	\$ 0
Net Income (Loss) Before Income Taxes	\$ 0	\$ 0
Federal and State Income Tax Expense (Benefit)	0	0
NET INCOME (LOSS)	\$ 0	\$ 0

(1) Accumulated Totals include all revenue and expenses since the petition date.

DEBTOR: Marion Energy Inc

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Form 2-E
SUPPORTING SCHEDULES
For Period: 10/31/2014 to 10/31/2014

POST PETITION TAXES PAYABLE SCHEDULE

	<u>Beginning Balance (1)</u>	<u>Amount Accrued</u>	<u>Amount Paid</u>	<u>Date Paid</u>	<u>Check Number</u>	<u>Ending Balance</u>
Income Tax Withheld:						
Federal	\$ 0	\$ 0	\$ 0			\$ 0
State	0	0	0			0
FICA Tax Withheld	0	0	0			0
Employer's FICA Tax	0	0	0			0
Unemployment Tax						
Federal	0	0	0			0
State	0	0	0			0
Sales, Use & Excise Taxes	0	0	0			0
Property Taxes	0	0	0			0
Accrued Income Tax:						
Federal	0	0	0			0
State	0	0	0			0
Other: _____	0	0	0			0
TOTALS	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>			\$ <u>0</u>

(1) For first report, Beginning Balance will be \$0; thereafter, Beginning Balance will be Ending Balance from prior report.

INSURANCE SCHEDULE

	<u>Carrier</u>	<u>Amount of Coverage</u>	<u>Expiration Date</u>	<u>Premium Paid Through</u>
Workers' Compensation	Travelers Casualty Ins Co	\$ Statutory	1/24/2015	1/24/2015
General Liability	St Paul Fire & Marine Ins	\$ 2,000,000	1/24/2015	1/24/2015
Property (Fire, Theft)	St Paul Fire & Marine Ins	\$ 3,040,594	1/24/2015	1/24/2015
Vehicle	St Paul Fire & Marine Ins	\$ 1,000,000	1/24/2015	1/24/2015
Umbrella Liability	St Paul Fire & Marine Ins	\$ 10,000,000	1/24/2015	1/24/2015
Control of Well	Travelers Property Casualt	\$ 4,000,000	5/4/2015	5/4/2015
Directors & Officers	AIG Europe	\$ 10,000,000	8/31/2014	8/31/2014

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**Form 2-E
SUPPORTING SCHEDULES**

For Period: 10/31/14 to 10/31/14

ACCOUNTS RECEIVABLE AND POST PETITION PAYABLE AGING

<u>Due</u>	<u>Accounts Receivable</u>	<u>Post Petition Accounts Payable</u>
Under 30 days	\$ 0.00	\$ 0.00
30 to 60 days	0.00	0.00
61 to 90 days	0.00	0.00
91 to 120 days	0.00	0.00
Over 120 days	0.00	0.00
Total Post Petition	<u>0.00</u>	
Pre Petition Amounts	<u>0.00</u>	
Total Accounts Receivable	\$ <u>0.00</u>	
Less: Bad Debt Reserve	<u>0.00</u>	
Net Accounts Receivable (to Form 2-C)	<u><u>0.00</u></u>	
	Total Post Petition Accounts Payable	<u><u>\$ 0.00</u></u>

* *Attach a detail listing of accounts receivable and post-petition accounts payable*

SCHEDULE OF PAYMENTS TO ATTORNEYS AND OTHER PROFESSIONALS

	<u>Month-end Retainer Balance</u>	<u>Current Month's Accrual</u>	<u>Paid in Current Month</u>	<u>Date of Court Approval</u>	<u>Month-end Balance Due *</u>
Debtor's Counsel	\$ 0	\$ 0	\$ 0		\$ 0
Counsel for Unsecured Creditors' Committee	0	0	0		0
Trustee's Counsel	0	0	0		0
Accountant	0	0	0		0
Other:	0	0	0		0
Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>		<u>\$ 0</u>

*Balance due to include fees and expenses incurred but not yet paid.

SCHEDULE OF PAYMENTS AND TRANSFERS TO PRINCIPALS/EXECUTIVES**

<u>Payee Name</u>	<u>Position</u>	<u>Nature of Payment</u>	<u>Amount</u>
			\$

**List payments and transfers of any kind and in any form made to or for the benefit of any proprietor, owner, partner, shareholder, officer or director.

DEBTOR: Marion Energy Inc

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Form 2-F
QUARTERLY FEE SUMMARY *
For the Month Ended: 10/31/2014

<u>Month</u>	<u>Year</u>	<u>Cash Disbursements **</u>	<u>Quarterly Fee Due</u>	<u>Check No.</u>	<u>Date Paid</u>
January	_____ \$	0			
February	_____ \$	0			
March	_____ \$	0			
TOTAL 1st Quarter	\$	<u>0</u> \$			
April	_____ \$	0			
May	_____ \$	0			
June	_____ \$	0			
TOTAL 2nd Quarter	\$	<u>0</u> \$			
July	_____ \$	0			
August	_____ \$	0			
September	_____ \$	0			
TOTAL 3rd Quarter	\$	<u>0</u> \$			
October	_____ \$	0			
November	_____ \$	0			
December	_____ \$	0			
TOTAL 4th Quarter	\$	<u>0</u> \$			

FEE SCHEDULE (as of JANUARY 1, 2008)

Subject to changes that may occur to 28 U.S.C. §1930(a)(6)

<u>Quarterly Disbursements</u>	<u>Fee</u>	<u>Quarterly Disbursements</u>	<u>Fee</u>
\$0 to \$14,999.....	\$325	\$1,000,000 to \$1,999,999.....	\$6,500
\$15,000 to \$74,999.....	\$650	\$2,000,000 to \$2,999,999.....	\$9,750
\$75,000 to \$149,999.....	\$975	\$3,000,000 to \$4,999,999.....	\$10,400
\$150,000 to \$224,999.....	\$1,625	\$5,000,000 to \$14,999,999	\$13,000
\$225,000 to \$299,999.....	\$1,950	\$15,000,000 to \$29,999,999....	\$20,000
\$300,000 to \$999,999.....	\$4,875	\$30,000,000 or more	\$30,000

* This summary is to reflect the current calendar year's information cumulative to the end of the reporting period

** Should agree with line 3, Form 2-B. Disbursements are net of transfers to other debtor in possession bank accounts

Failure to pay the quarterly fee is cause for conversion or dismissal of the chapter 11 case. [11 U.S.C. Sec. 1112(b)(10)]

In addition, unpaid fees are considered a debt owed to the United States and will be assessed interest under 31 U.S.C. §3717

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Form 2-G
NARRATIVE
For Period Ending 10/31/2014

Please provide a brief description of any significant business and legal actions taken by the debtor, its creditors, or the court during the reporting period, any unusual or non-recurring accounting transactions that are reported in the financial statements, and any significant changes in the financial condition of the debtor which have occurred subsequent to the report date.

On October 31, 2014, the Debtor filed its chapter 11 petition. Aside from filing the petition for relief, there were no significant events during the reporting period.